

AMENDED IN ASSEMBLY AUGUST 25, 2005

AMENDED IN ASSEMBLY JULY 11, 2005

AMENDED IN SENATE MAY 27, 2005

AMENDED IN SENATE APRIL 19, 2005

SENATE BILL

No. 1086

Introduced by Senators Migden and Chesbro

February 22, 2005

An act to amend Section 6217 of the Public Resources Code, relating to the State Lands Commission.

LEGISLATIVE COUNSEL'S DIGEST

SB 1086, as amended, Migden. State Lands Commission.

(1) Under existing law, with specified exceptions, revenue, money, and remittances received by the State Lands Commission are required to be applied to specified obligations in a prescribed order. Existing law provides for these provisions to become inoperative on July 1, 2006, and to be repealed January 1, 2007. Existing law requires the Controller, after specified obligations are met, to transfer the balance of the revenue, money, and remittances to the Resources Trust Fund for transfer annually to designated accounts.

This bill would ~~extend~~ *change* the *inoperative date* of these provisions *to July 1, 2011, and the repeal date of these provisions to January 1, 2012.* ~~The bill would require \$8,000,000 of these funds to be transferred to the State Coastal Conservancy for allocation for coastal projects, as specified. This provision would become inoperative on July 1, 2010, and would be repealed on January 1, 2012.~~

(2) Existing law provides that as of July 1, 2006, with specified exceptions, all revenue, money, and remittances received by the State Lands Commission are to be deposited in the General Fund and made available each fiscal year for specified purposes.

This bill would change that date to July 1, ~~2012~~ 2011.

~~(3) Existing law provides for the distribution of oil and gas revenues from tide and submerged lands granted to the City of Long Beach between the city and the state.~~

~~This bill would require the City of Long Beach, on or before March 1, 2006, to pay to the State Lands Commission all money, including both principal and interest, in a specified abandonment reserve fund that the city created in 1999. The bill would require the Controller to deposit these and other specified funds, not exceeding \$300,000,000, in the Oil Trust Account, which the bill would establish in the General Fund. The bill would authorize the funds in the account to be used by the State Lands Commission, subject to specified conditions, to finance the costs of well abandonment, pipeline removal, facility removal, remediation, and other facility removal costs.~~

~~The bill would require the State Lands Commission, on or before January 1, 2007, to report to the Director of Finance and the chairpersons of the appropriate legislative committees regarding a forecast of when the Long Beach tidelands oil fields will be abandoned and require environmental mitigation, and an estimate of the likely costs to mitigate the effects of extraction in the fields.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6217 of the Public Resources Code, as
2 amended by Section 3 of Chapter 326 of the Statutes of 1998, is
3 amended to read:
4 6217. (a) With the exception of revenue derived from state
5 school lands and from sources described in Sections 6217.6,
6 6301.5, 6301.6, 6855, and Sections 8551 to 8558, inclusive, and
7 Section 6406 (insofar as the proceeds are from property that has
8 been distributed or escheated to the state in connection with
9 unclaimed estates of deceased persons), the commission shall
10 deposit in the State Treasury all revenue, money, and remittances
11 received by the commission under this division, and under

Chapter 138 of the Statutes of 1964, First Extraordinary Session, and those funds shall be applied to the following obligations in the following order of priority:

~~(a)~~

(1) To the General Fund, the revenue necessary to provide in any fiscal year for the following:

~~(1)~~

(A) Payment of refunds, authorized by the commission, out of appropriations made for that purpose by the Legislature.

~~(2)~~

(B) Payment of expenditures of the commission as provided in the annual Budget Act enacted by the Legislature.

~~(3)~~

(C) Payments to cities and counties of the amounts specified in Section 6817 for the purposes specified in that section, and the revenues so deposited are appropriated for that purpose.

~~(4)~~

(D) Payments to cities and counties of the amounts agreed to pursuant to Section 6875.

~~(b)~~

(2) To the California Housing Trust Fund, each fiscal year, the amount of two million dollars (\$2,000,000).

~~(e)~~

(3) After meeting the obligations in ~~subdivisions (a) and (b)~~ *paragraphs (1) and (2)*, the Controller shall transfer the balance of all such revenue, money, and remittances received by the commission pursuant to this section in each fiscal year to the Resources Trust Fund.

The money in the Resources Trust Fund shall be collected for the purposes of, and held in trust for, preserving and protecting the natural and recreational resources of the state and, for this purpose, the Controller shall annually transfer the following sums from the Resources Trust Fund to the following accounts and funds in the following order of priority:

~~(1)~~

(A) Eight million dollars (\$8,000,000) to the Salmon and Steelhead Trout Restoration Account in the Resources Trust Fund. The money in the account shall be appropriated in the annual Budget Act to the Department of Fish and Game for expenditure for the recovery of coho salmon, other species of

1 salmon, and anadromous trout pursuant to Section 6217.1 of this
2 code and Chapter 8 (commencing with Section 2760) of Division
3 3 of the Fish and Game Code.

4 ~~(2)~~

5 (B) Two million two hundred thousand dollars (\$2,200,000) to
6 the Marine Life and Marine Reserve Management Account,
7 which is hereby created in the Resources Trust Fund. The money
8 in the account shall be appropriated in the annual Budget Act to
9 the Department of Fish and Game for expenditure for marine life
10 management pursuant to Section 6217.2.

11 ~~(3)~~

12 (C) Ten million dollars (\$10,000,000) to the State Parks
13 System Deferred Maintenance Account, which is hereby created
14 in the Resources Trust Fund. The money in the account shall be
15 appropriated in the annual Budget Act to the Department of
16 Parks and Recreation for deferred maintenance expenses.

17 ~~(4) Eight million dollars (\$8,000,000) to the State Coastal~~
18 ~~Conservancy for allocation for coastal projects, including~~
19 ~~projects described in paragraph (2) of subdivision (l) of Section~~
20 ~~5096.310, which shall be consistent with subdivision (a) of~~
21 ~~Section 31163.~~

22 ~~(5)~~

23 (D) The remainder to the Natural Resources Infrastructure
24 Fund which is an account in the Resources Trust Fund. The
25 money in the Natural Resources Infrastructure Fund shall be
26 available for expenditure, upon appropriation by the Legislature,
27 for the purposes of preserving and protecting the natural and
28 recreational resources of the state. Priority for the use of the
29 money in the Natural Resources Infrastructure Fund shall be
30 given to the following:

31 ~~(A)~~

32 (i) For expenditure by the Department of Fish and Game, upon
33 appropriation by the Legislature, for environmental review and
34 monitoring, consultation with lead agencies, recommending
35 mitigation measures, and enforcement related activities pursuant
36 to Division 13 (commencing with Section 21000).

37 ~~(B)~~

38 (ii) For expenditure, upon appropriation by the Legislature, for
39 the purposes of land acquisition in Orange County and San Diego

County pursuant to Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code.

~~(C)~~

(iii) For expenditure to meet the requirements of Section 2796 of the Fish and Game Code that are not met pursuant to Section 2795 of the Fish and Game Code, upon appropriation by the Legislature.

~~(D)~~

(iv) For expenditure for nonpoint source pollution control programs of the State Water Resources Control Board and the California Coastal Commission, upon appropriation by the Legislature.

The Controller shall transfer any unencumbered balances remaining in the Salmon and Steelhead Trout Restoration Account, the Marine Life and Marine Reserve Management Account, the State Parks Deferred Maintenance Account, and the Natural Resources Infrastructure Fund on June 30 of each year to the General Fund.

~~(a) (1) Except for paragraph (4) of subdivision (c), this section shall become inoperative on July 1, 2006. Paragraph (4) of subdivision (c) of this section shall become inoperative on July 1, 2010.~~

~~(2)~~

~~(b) This section is repealed as of January 1, 2012, shall become inoperative on July 1, 2011, and as of January 1, 2012, is repealed unless a later enacted statute that becomes effective on or before January 1, 2012, deletes or extends the date on which it is repealed.~~

SEC. 2. Section 6217 of the Public Resources Code, as amended by Section 24 of Chapter 240 of the Statutes of 2003, is amended to read:

6217. (a) With the exception of revenue derived from state school lands and from sources described in Sections 6217.6, 6301.5, 6301.6, 6855, and Sections 8551 to 8558, inclusive, and Section 6404 (insofar as the proceeds are from property that has been distributed or escheated to the state in connection with unclaimed estates of deceased persons), the commission shall deposit all revenue, money, and remittances received by the commission under this division, and under Chapter 138 of the Statutes of 1964, First Extraordinary Session, in the General

1 Fund. Out of those funds deposited in the General Fund,
2 sufficient moneys shall be made available each fiscal year for the
3 following purposes:

4 (1) Payment of refunds, authorized by the commission, out of
5 appropriations made for that purpose.

6 (2) Payment of expenditures of the commission as provided in
7 the annual Budget Act.

8 (3) Payments to cities and counties of the amounts specified in
9 Section 6817 for the purposes specified in that section, out of
10 appropriations made for that purpose.

11 (4) Payments to cities and counties of the amounts agreed to
12 pursuant to Section 6875, out of appropriations made for that
13 purpose.

14 (b) This section shall become operative on July 1, ~~2012~~ 2011.

15 ~~SEC. 3. (a) As of January 1, 2006, the City of Long Beach~~
16 ~~shall not retain out of state oil revenue from the Long Beach~~
17 ~~tidelands any money for deposit in a reserve fund to be used for~~
18 ~~future state abandonment costs.~~

19 ~~(b) On or before March 1, 2006, the City of Long Beach shall~~
20 ~~pay to the State Lands Commission all money, including both~~
21 ~~principal and interest, in the abandonment reserve fund that the~~
22 ~~city created in 1999 and that was the subject of the litigation in~~
23 ~~State of California ex rel. California State Lands Commission v.~~
24 ~~City of Long Beach (2005) 125 Cal.App.4th 767.~~

25 ~~(c) There is hereby established in the General Fund the Oil~~
26 ~~Trust Account~~

27 ~~(d) The Controller shall deposit in the account the funds paid~~
28 ~~to the State Lands Commission pursuant to subdivision (b).~~

29 ~~(e) Subject to subdivision (f), on the last day of each month~~
30 ~~beginning in July 2006, the Controller shall also transfer to the~~
31 ~~account two million dollars (\$2,000,000) or 50 percent of the~~
32 ~~remaining oil revenue, as described in subdivision (d) of Section~~
33 ~~4 of Chapter 138 of the Statutes of 1964, First Extraordinary~~
34 ~~Session, as amended by Section 1 of Chapter 246 of the Statutes~~
35 ~~of 1982, whichever is less.~~

36 ~~(f) The total amount deposited in the account shall not exceed~~
37 ~~three hundred million dollars (\$300,000,000).~~

38 ~~(g) The funds in the account may be used by the State Lands~~
39 ~~Commission to finance the costs of well abandonment, pipeline~~
40 ~~removal, facility removal, remediation, and other costs associated~~

1 with the removal of oil and gas facilities from the Long Beach
2 tidelands oil fields that are not the contractual responsibility of
3 the contractor or other parties.

4 (h) The State Lands Commission shall only expend the funds
5 deposited in the account for the purposes of subdivision (g) when
6 all of the following conditions are met:

7 (1) The City of Long Beach adopts a resolution declaring that
8 the oil revenue described in subdivision (d) of Section 4 of
9 Chapter 138 of the Statutes of 1964, First Extraordinary Session,
10 as amended by Section 1 of Chapter 246 of the Statutes of 1982,
11 is insufficient to fund the costs described in subdivision (g):

12 (2) The City of Long Beach transmits to the State Lands
13 Commission a copy of the resolution and all necessary
14 accompanying documentation, including a plan for expenditures
15 for mitigation:

16 (3) The State Lands Commission reviews the material
17 provided pursuant to paragraph (2) and notifies the Controller,
18 within 60 days of receiving the material specified in paragraph
19 (2), that the fields have been abandoned and mitigation can
20 begin. The State Lands Commission shall provide the controller
21 with a schedule for the necessary expenditures for distribution of
22 funds from the account to the City of Long Beach:

23 SEC. 4. On or before January 1, 2007, the State Lands
24 Commission shall report to the Director of Finance and the
25 chairpersons of the appropriate legislative committees both of the
26 following:

27 (a) A forecast of when the Long Beach tidelands oil fields will
28 be abandoned and require environmental mitigation:

29 (b) An estimate of the likely costs to mitigate the effects of
30 extraction in the Long Beach tidelands oil fields.